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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 SP-02 STR-07 TRSE-00 LAB-04
SIL-01 OMB-01 DODE-00 PA-01 ICA-11 AGRE-00 /067 W
----------078966 111549Z /46
P R 111199Z SEP 78
FM AMCONSUL THESSALONIKI
TO SECSTATE WASHDC PRIORITY 3014
INFO AMEMBASSY ANKARA
AMEMBASSY BELGRADE
AMEMBASSY NICOSIA
AMEMBASSY SOFIA
AMEMBASSY BRUSSELS
AMEMBASSY ATHENS

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USEEC

E. O. 11652: N/A
TAGS: ECON ETRD GR
SUBJECT: KARAMANLIS INAUGURATES THESSALONIKI FAIR WITH ECONOMIC ASSESSMENT

SUMMARY. PRIME MINISTER KARAMANLIS OPENED INTERNATIONAL FAIR HERE WITH REVIEW OF NATION'S ECONOMY. NO NEW MEASURES WERE ANNOUNCED, NOR WAS THERE ANY NON-EC RELATED FOREIGN POLICY CONTENT TO SPEECH. PM SAID INFLATION AND LOW PRODUCTIVITY WERE MAJOR PROBLEMS AND ACKNOWLEDGED THAT HIS GOVERNMENT'S "BOLD" INCOMES' POLICY WAS MAJOR CONTRIBUTOR TO INFLATION. HE CALLED FOR CONSUMER RESTRAINT AND "SACRIFICE" AS GREECE NEARS EC ENTRY, WARNING THAT FAILURE TO PREPARE WOULD CAUSE HARDSHIPS UPON ENTRY. COMMERCE DESCRIBED TRADE
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PICTURE IN GENERALLY UPBEAT TERMS, BUT LIKEWISE CRITICIZED EXCESSIVE CONSUMPTION. SPEECHES BY FAIR PRESIDENT AND MINISTER OF NORTHERN GREECE SOUNDED "RETURN TO NORMALCY" THEME AFTER DESTRUCTIVE EARTHQUAKES AND PRAISED PM LEADERSHIP IN EARTHQUAKE RELIEF. END SUMMARY.

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1. THESSALONIKI'S 43RD INTERNATIONAL TRADE FAIR
OPENED HERE SEPTEMBER 10 IN CEREMONY GOG LEADERSHIP
USED TO SOUND THEME THAT CITY LIFE HAS RETURNED TO
NORMAL. FOLLOWING SERIOUS EARTHQUAKES I N MAY, JUNE,
AND JULY. EARTHQUAKES HAVE THUS ENHANCED IMPORTANCE
OF FAIR THIS YEAR, SUCCESS OF FAIR SERVING BOTH AS
SYMBOL AND PROOF CITY'S RHYTHM HAS RETURNED TO
NORMAL. EASTERN EUROPEAN PARTICIPATION, ALWAYS HEAVY,
HIGHLIGHTED THIS YEAR BY LARGE SOVIET PAVILION WITH
STAFF OF 80 TO OPERATE IT. EXPECTATION IS THAT
DESPITE DISRUPTION TO CITY FROM QUAKES THIS YEAR'S
FAIR WILL BE AT LEAST AS SUCCESSFUL AS PREVIOUS ONES.

2. MINISTER OF NORTHERN GREECE MARTIS AND FAIR
PRESIDENT BOUROS TO AN EVEN GREATR DEGREE USED OPENING
TO BESTOW LAVISH PRAISE ON KARAMANLIS' LEADERSHIP.
COMMERCE MINISTER PANAYOTOPOULOS DESCRIBED GREEK
INTERNATIONAL TRADE SINCE 1974, LIKE PM LATER
IN EVENING, HE CITED EXCESSIVE CONSUMPTION
ASMAJOR CONTRIBUTOR TO CURRENT ACCOUNTS' DEFICIT,
BUT GENERALLY AS UPBEAT, CLAIMING "FIVEFOLD"
INCREASE IN EXPORTS TO MIDDLE EAST AND 60 PERCENT
INCREASE IN TRADE VOLUME WITH BALKAN NEIGHBORS IN
POST-1974 PERIOD.

3. AT DINNER FOLLOWING OFFICIAL INAUGURATION PRIME
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MINISTER DELIVERED FAIRLY LOWBEAT, REALISTIC
ASSESSMENT OF STATE OF NATION'S ECONOMY. HOWEVER,
THRUST OF HIS MESSAGE WAS TO GIVE HIS GOVERNMENT
CREDIT FOR THE COUNTRY'S PRESENT PROSPERITY WHILE
BLAMING ANY SHORTCOMINGS PRINIMCIPALLY ON FORCES
OUTSIDE HIS CONTROL, LIKE CONTINUALLY RISING PRICES
FOR IMPORTED GOODS, LOW PRODUCTIVITY, INCONSISTENT,
DISRUPTIVE TACTICS OF OPPOSITION "DEMOGOGUES,"
AND THE INSATIABLE GREEK APPETITE TO IMPORT
AUTOMOBILES. PM FLAGGED INFLATION AS "THE
WEAK POINT" IN ECONOMIC PICTURE AND SAID PRODUCTIVITY
HAD NOT KEPT PACE WITH COST OF LABOR. ON LATTER
POINT PM SAID GOVERNMENT HAD DELIBERATELY FOLLOWED
INCOMES' POLICY TO REDISTRIBUTE WEALTH TO WORKERS
AND FARMERS TO COMPENSATE FOR REPRESSIVE INCOMES'
POLICY OF DICTATORSHIP. POLICY HAD BEEN SUCCESSFUL,
PM SAID, BUT PRODUCTIVITY LAGGED DANGEROUSLY BEHIND
WAGE INCREASES, AND INTERKATIONAL FINANCIAL AGENCIES
HAD IDENTIFIED THIS "BOLD" INCOMES' POLICY
AS PRINCIPAL SOURCE OF NATION'S INFLATION.

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4. NONETHELESS, KARAMANLIS DID NOT ANNOUNCE ANY NEW MEASURES, ALTHOUGH HE USED OCCASION TO EXPLAIN BRIEFLY SOME OF PREVIOUSLY ANNOUNCED STEPS TO PROMOTE INVESTMENT, INCREASE REVENUES, AND IMPOSE FISCAL RESTRAINT. APART FROM HIS STATEMENTS ON THE NECESSITY FOR GREECE TO JOIN THE EEC ("ECONOMIC INDEPENDENCE WILL STRENGTHEN OUR NATIONAL INDEPENDENCE"), THERE WAS NO FOREIGN POLICY CONTENT TO HIS TALK. HE DID, HOWEVER, STRESS SEVERAL HOURS EARLIER AT THE OFFICIAL OPENING CEREMONIES THE CRITICAL IMPORTANCE OF CLOSE COOPERATION BETWEEN THE BALKAN PEOPLES AS A MEANS OF AVOIDING DANGEROUS CONFRONTATION IN THIS SENSITIVE REGION.

5. COMMENT. IT WAS A RELAXED, SMILIMG KARAMANLIS, VERY MUCH IN HIS ELEMENT, WHO PRESIDED OVER THE
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EVENING'S CEREMONIES WITH A SURE HAND. CROWDS AND GUESTS

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REACTED WARMLY TO HIS VISIT AND SPEECHES. FOREMOST ON HIS MIND DURING HIS SPEECH WAS THE SINGULAR IMPORTANCE FOR GREEK MEMBERSHIP IN THE COMMON MARKET AND THAT EC ENTRY WOULD REQUIRE SOME PAINFUL ECONOMIC ADJUSTMENTS.

6. THERE HAS TO DATE BEEN NO COMMENT IN THE PRESS OR BY OFFICIALS OVER THE ABSENCE OF ANY OFFICIAL U. S. PARTICIPATION FOR THE FIRST TIME IN NINE YEARS, ALTHOUGH GREEKS HAVE PRIVATELY EXPRESSED THEIR DISAPPOINTMENT, SEVERAL LOCAL CONTACTS HAVE NOTED THAT THE AREA NORMALLY ISED FOR THE U. S. PAVILION IS OCCUPIED BY THE ALBANIANS WHO HAVE MOUNTED AN OFFICIAL PAVILION FOR THE SECOND CONSECUTIVE YEAR.
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